



Testimony of Chester R. Jourdan Jr.
Executive Director, Mid-Ohio Regional Planning Commission
Senate Finance Committee
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Chairman Widener, Ranking Minority Member Skindell, and members of the Finance Committee, thank you for the opportunity to be heard today and I respectfully ask for your consideration of this testimony as an interested party concerning House Bill 153. I am Chester R. Jourdan Jr., Executive Director of MORPC, the Mid-Ohio Regional Planning Commission. MORPC is a voluntary association of local governments in 12 counties of central Ohio. MORPC exists to facilitate collaboration, provide a collective voice for members on both federal and state issues, and work daily through planning and programming to help shape public policy in areas concerning the welfare of central Ohio citizens. Our local government members represent over 1.6 million citizens in central Ohio.

In HB 153, I would like to discuss two issues. They are the disproportionate cuts to the Local Government Fund and second, the proposed Local Government Integrating and Innovation Fund.

The proposed cut to the Local Government Fund could not come at a more terrible time. Due to funding cuts in several federal programs that are critical to Ohio communities, the compounding loss of state funding will significantly hinder local governments' ability to even perform daily functions.

I also want to point out that the cuts made to the Local Government Fund are much larger than cuts elsewhere in the budget. Cuts should be made uniformly and not made in such a way to disproportionately affect local budgets already hard hit by the economy. Because funds distributed from the Local Government Fund make up large percentages of local budgets, some rely on the LGF for 30% or more, so cutting this state funding by up to 50% would cripple local programs. Many local governments are already bracing themselves for cuts and have simply begun to eliminate employee positions. Some are being forced to eliminate positions in areas including already strained critical emergency personnel, firefighters, and police departments. Job loss and unemployment have been a continuing struggle for the State of Ohio, and job growth should be the focus of this budget, not elimination. It also reduces our region's quality of life, making it harder to attract and retain the best and brightest to work and grow their businesses in central Ohio.

Next, I would like to talk about the Local Government Integrating and Innovation Fund. It is absolutely critical to provide investment to our local governments for new initiatives that will provide cost-savings and efficiencies for our communities. MORPC appreciates that the House included an amendment for seed funding that would help local governments create long-lasting change. With my testimony is a more detailed overview of MORPC's comments and ideas about the Local Government Integrating and Innovation Fund. This afternoon, I would like to highlight just a couple of key points.

First, we need to make sure that this program remains a grant program. A loan program does not make sense if the legislature wants to entice local governments to actually use the program. Some of our local government members who have collaborated and consolidated services already note that these efforts require a lot of investment of resources. In times of tight budgets for local governments, grant funding will allow our local governments to work together more quickly and provide them with the ability to be more innovative instead of focusing limited resources on how to fund a new idea.

Next, we believe that the Ohio Public Works Commission (OPWC) and their local district committees should be the vehicles for administering this grant program. Why create another bureaucracy when we already have the structure that serves all areas of the state and is designed to represent the interests of local governments? These local committees have also adapted quickly to administering new and different programs in the past such as the Clean Ohio Conservation Fund and the brownfield program. However, because of the special expertise that might be needed to properly evaluate applications for this program, the Local Government Integrating & Innovation Committees should be permitted to: Create committees under their authority with the expertise to perform the needed evaluation, and/or the legislation should allow for the use of administrative fees to be used to secure the needed expertise.

I also encourage this committee to look at making sure that the program is flexible in terms of how local communities could use these funds to partner with other government entities such as transit authorities, school districts, educational service districts, park districts and colleges.

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Finally, we ask that the \$250,000 limitation on the award of funding be removed. This limit seems arbitrary and depending on the complexity of proposed projects may not be an adequate amount.

In conclusion, I appreciate the opportunity to appear and to voice these local government concerns. Thank you very much for your time and consideration. I would be happy to answer any questions.

The Local Government Integrating and Innovation Fund

(Section 164.30 of the Sub. H.B. 153)

May 19, 2011

Mid-Ohio Regional Planning Commission
Chester R. Jourdan, Jr., Executive Director

Discussion of Issues:

1. Who should the eligible applicants be?
 - By limiting the applicants to SCIP applicants, transit authorities, school districts, educational service districts, park districts, colleges and Regional Planning Commissions would be excluded.
 - This closes the door on using these funds to seed a regional service center operated by an educational service center or a RPC.
 - It also prevents use of these funds for other types of districts to share services such as where joint savings could occur for school districts, transit authorities, or park districts or where a technology provider such as a college could perform services for others.
 - ORC §164.03 identifies the entities which are eligible for SCIP funding. Consequently, as long as the eligibility for the Local Government Integrating and Innovation Fund is tied to this section, only those eligible to apply for SCIP should remain as the eligible applicants for this program. If it is desired to broaden eligibility, then a separate definition of eligible applicants should be created.
 - However, it should be explicitly permitted for any political subdivision of the state to be included in the sharing of services partnership as long as the applicant are limited to those in ORC §164.03.
 - The legislation should explicitly enable cross district sharing of services partnerships with funding from more than one district.
2. Should the PWICs administer this program? Why the 19 OPWC districts? Should another sister entity be appointed by the PWIC to oversee this program like the NRAC (Clean Ohio Conservation Fund committee)? Should the program be administered similar to the brownfield program with the PWIC ranking projects and then a statewide competition through a separate agency?
 - OPWC and the PWIC should be the vehicles for administering this program. This structure already serves all areas of the state. The PWICs are designed to represent the interests of local governments within their districts. However, because of the special expertise that might be needed to properly evaluate applications for this program, Local Government Integrating & Innovation Committees should be permitted to:
 - Create committees under their authority with the expertise to perform the needed evaluation, and/or
 - The legislation should allow for the use of administrative fees to be used to secure the needed expertise either by the LGI&IC or the OPWC.
 - A benefit of having the applications actually selected by the PWIC is that it allows for the programs to be locally tailored.
 - Districts should be explicitly required to develop criteria and procedures (subject to the approval of the OPWC) to evaluate applications and determine which exhibit “the greatest shared efficiencies.”
3. Is the \$250,000 limitation on the award of funding an appropriate limit?
 - A limitation on the award of funding to \$250,000 is not adequate depending upon the complexity of the proposal. The limitation should be removed or established as a portion of the District’s allocation; for example, 20% of the District’s allocation.
4. Should it be an all loan program?
 - Making this into a loan program does not make sense if the legislature wants to entice local governments to actually use the program. Local governments are already skeptical about the cost reductions the governor and the legislature have estimated will result from the changes they are enacting. Quantifying the benefits that may result from this program will entail estimates and the returns may or may not actually occur. Making the program loan based will discourage local governments from attempting any novel efficiency scheme unless the benefits and the paybacks are very certain.